

INCOMING TELEGRAM

Department of State

35-31

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TO: Secretary of State

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NO: COLUX 154, JANUARY 31

SENT DEPARTMENT COLUX 154, REPEATED INFORMATION BONN COLUX 44, BRUSSELS COLUX 34, THE HAGUE COLUX 30, PARIS COLUX 64, ROME COLUX 32, DUESSELDORF 21, GENEVA 30, LONDON 33

BRUSSELS ALSO FOR USEC,

PARIS ALSO FOR USRO

REFERENCE: COLUX 150

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FOL ARE EXCERPTS FROM "EUROPE" NEWS AGENCY ACCOUNT FINET PRESS CONFERENCE JAN 29 ON HIGH AUTHORITY RECOMMENDATION FOR DUTY-FREE MINIMUM IMPORT QUOTA FIVE MILLION TONS COAL FOR GERMANY IN 1959 (NON-ESSENTIAL WORDS OMITTED):

"FINET STATED RECOMMENDATION STRENGTHENS POSITION OF FEDERAL REPUBLIC BEFORE INTERNATIONAL ECONOMIC ORGANIZATIONS (GATT, OEEC, ETC.) AND BEFORE THIRD COUNTRIES CONCERNED. ON STRENGTH OF RECOMMENDATION GERMANY CAN REST ASSURED THAT STEP SHE HAS TAKEN WILL BE CONSIDERED AS COMMUNITY MEASURE APPROVED IN PRINCIPLE BY ALL MEMBER STATES.

FINET MADE NO SECRET HIGH AUTHORITY DISAPPOINTMENT AT UNILATERAL DECISION TAKEN BY GERMAN GOVERNMENT OUTSIDE COMMUNITY CONTEXT.

ALTHOUGH UNDER TREATY ARTICLE 71 MEMBER STATES RETAIN CONTROL OVER THEIR COMMERCIAL POLICY, EMPHASIZED FINET, ACCEPTANCE OF ECSC TREATY IS IN CONTRADICTION WITH APPLICATION OF UNILATERAL COMMERCIAL POLICY ISOLATED FROM REST OF COMMUNITY. COLLABORATION

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-2- COLUX 154, JANUARY 31, FROM LUXEMBOURG

BETWEEN GOVTS AND COORDINATION OF MEASURES TO BE TAKEN BY ALL MEMBER STATES ARE ADVANTAGES TOO VALUABLE ON PRACTICAL LEVEL FOR MEMBER STATES TO GO IT ALONE AT RISK PROVOKING VIOLENT REACTIONS OF THIRD COUNTRIES AND OF SHAKING VERY PRINCIPLES ON WHICH COMMUNITY IS BASED.

IN CONCLUSION FINET STATED THAT INTRODUCTION OF CUSTOMS PROTECTION IS ALWAYS VERY DELICATE MATTER BECAUSE IT INVOLVES RISK OF RETALIATORY MEASURES OF THIRD COUNTRIES AFFECTED; AND IT WOULD NOT BE GOOD POLICY TO EASE SITUATION OF ONE BRANCH OF INDUSTRY BY EXPOSING OTHER EXPORT INDUSTRIES IN PARTICULAR STEEL AND MANUFACTURING TO RESTRICTIONS OF SAME KIND ON MARKETS OF THIRD COUNTRIES.

HIGH AUTHORITY WOULD EXPECT FEDERAL GOVERNMENT TO COME AROUND TO ITS POINT OF VIEW AND TO FOLLOW ITS RECOMMENDATIONS, UNLESS IT SHOULD DECIDE TO CONTEST THEM BEFORE COURT OF JUSTICE. AT ALL EVENTS, SAID FINET, IT WAS UP TO MEMBER STATES TO RESPECT HIGH AUTHORITY'S MISSION OF CARRYING OUT TREATY IF THEY DID NOT WANT PRINCIPLE OF SUPRANATIONALITY TO BE REDUCED TO LEVEL OF MERE INTERGOVERNMENTAL COOPERATION; IF THEY DID NOT WANT ECSC TO BECOME LIKE OEEC. HIGH AUTHORITY WOULD BE ASKING FOR OTHER EFFORTS OF GOVERNMENTS TO OVERCOME COAL CRISIS, BECAUSE STEPS SO FAR TAKEN ARE NOT ONLY ONES CALCULATED TO IMPROVE SITUATION".

BUTTERWORTH

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